

Item 1 – Cover Page

Sedona Asset Management Services, LLC

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Date of Disclosure Brochure: May 2012

This disclosure brochure provides information about the qualifications and business practices of Sedona Asset Management Services, LLC. (also referred to as I, me and Sedona Asset Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact George C. Steer at (480)614-5818 or gcs1006@yahoo.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Sedona Asset Management is also available on the Internet at www.adviserinfo.sec.gov. You can view my firm's information on this website by searching for Sedona Asset Management Services, LLC or my firm's CRD number 132373.

*Registration as an investment adviser does not imply a certain level of skill or training.

**Although Sedona Asset Management is referred to as I or me throughout this brochure for your convenience, please understand that any engagement described under this brochure will be made with the legal entity of Sedona Asset Management Services, LLC.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that Sedona Asset Management provides to clients as required by applicable rules and regulations. This disclosure brochure is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that the previous Form ADV Part II and Schedule F did not require.

I will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after my firm’s fiscal year ends. My firm’s fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time I will also offer or provide a copy of the most current disclosure brochure. I may also provide other ongoing disclosure information about material changes as necessary.

Material changes reflected in this document:

As required by the Dodd–Frank Wall Street Reform and Consumer Protection Act, midsize investment advisory firms (firms with Assets Under Management between \$25 Million and \$99 Million) must change their primary regulatory authority from the United States Securities and Exchange Commission to the individual States. Due to this regulatory change Sedona Asset Management Services, LLC. is now filing for registration with the State of Arizona and the State of Indiana.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Introduction	4
Description of Advisory Services	4
Limits Advice to Certain Types of Investments	5
Tailor Advisory Services to Individual Needs of Clients	5
Client Assets Managed by Sedona Asset Management	5
Item 5 – Fees and Compensation	6
Asset Management Services	6
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients	9
Minimum Investment Amounts Required	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Methods of Analysis	10
Investment Strategies	10
Risk of Loss	11
Item 9 – Disciplinary Information	12
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	12
Code of Ethics Summary	12
Affiliate and Employee Personal Securities Transactions Disclosure	12
Item 12 – Brokerage Practices	13
Directed Brokerage	14
Handling Trade Errors	15
Block Trading Policy	15
Agency Cross Transactions	16
Item 13 – Review of Accounts	16
Account Reviews and Reviewers	16
Statements and Reports	16
Item 14 – Client Referrals and Other Compensation	16
Item 15 – Custody	16
Item 16 – Investment Discretion	17
Item 17 – Voting Client Securities	18
Item 18 – Financial Information	18
Item 19 – Requirements for State-Registered Advisers	18
Customer Privacy Policy Notice	19
Information Required by Part 2B of Form ADV: <i>Brochure Supplement – George C. Steer</i>	20

Item 4 – Advisory Business

Sedona Asset Management is an investment adviser registered with the State of Arizona and Indiana and is a limited liability company (LLC) formed under the laws of the State of Arizona.

- George C. Steer is the Chief Compliance Officer (CCO) and Managing Director of Sedona Asset Management. George C. Steer owns 100.00% of Sedona Asset Management. Full details of my education and business background are provided at *Item 19* of this Disclosure Brochure.
- Sedona Asset Management has been registered as an investment adviser since August 2004.

Introduction

The investment advisory services of Sedona Asset Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Sedona Asset Management (referred to as your investment adviser representative throughout this brochure).

Description of Advisory Services

The following are descriptions of the primary advisory services of Sedona Asset Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Sedona Asset Management before I can provide you the services described below.

Asset Management Services

Sedona Asset Management offers asset management services, which involves Sedona Asset Management providing you with continuous and ongoing supervision over your specified accounts.

You must appoint my firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by me based on your financial situation, investment objectives and risk tolerance. I actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

I will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying me of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however I will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. I am always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct me not to purchase certain securities.

It is important that you understand that I manage investments for other clients and may give them advice or take actions for them or for my personal accounts that is different from the advice I provide to you or actions taken for you. I am not obligated to buy, sell or recommend to you any security or other investment that I may buy, sell or recommend for any other clients or for my own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that I manage. I strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by my firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to my attention will be allocated in any particular manner. If I obtain material, non-public information about a security or its issuer that I may not lawfully use or disclose, I have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Limits Advice to Certain Types of Investments

Sedona Asset Management provides investment advice on the following types of investments:

- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Corporate Debt Securities
- US Government Securities
- Options Contracts on Securities

Although I generally provide advice only on the products previously listed, I reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not my typical investment strategy to attempt to time the market, but I may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. I may modify my investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

Sedona Asset Management's advisory services are always provided based on your individual needs. This means, for example, that when I provide asset management services, you are given the ability to impose restrictions on the accounts I manage for you, including specific investment selections and sectors. I work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

I will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with my investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Client Assets Managed by Sedona Asset Management

The amount of clients' assets managed by Sedona Asset Management totaled \$45,000,000 as of January 1, 2012. \$35,000,000 are managed on a discretionary basis and \$10,000,000 are managed on a non-discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding my firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Sedona Asset Management.

Asset Management Services

Fees charged for my asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

The asset management services continue in effect until terminated by either party (i.e., Sedona Asset Management or you) by providing written notice of termination to the other party. When fees are billed in arrears, Sedona Asset Management will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

Assets Under Management

Annual Fees

\$0 – \$5,000,000

0.50%

Over \$5,000,000

Negotiable

Fees charged for my asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

Sedona Asset Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, my annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to my compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to my firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to my firm. My firm will send you a billing statement prior to time that fee deduction instruction is sent to the qualified custodian(s) of your account. The billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered. See *Item 15 – Custody* for more details.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Sedona Asset Management does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Sedona Asset Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Sedona Asset Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Performance Based Fees

Under certain situations, Sedona Asset Management charges performance based fees to investors who meet the definition of "qualified client". Under these arrangements, you will be charged a fee based on the assets under management within your account and in accordance with the fee schedule and parameters detailed below. As a result, Sedona Asset Management has developed two basic fee schedules. The first fee schedule illustrated above is applied to non-qualified clients and the second fee schedule is applied to qualified clients.

To be considered a qualified client, the client must have at least \$1 million under management with my firm immediately after entering into an advisory contract or I must have reasonable belief that the client has a net worth of more than \$2 million at the time the investment advisory agreement is executed.

Qualified clients are typically charged an annual fee of 1.00% of the client's assets under management. I will charge performance based fees in adherence with a high water mark (i.e., no performance based fee will be earned unless the Account's performance exceeds the previously achieved high water mark where performance based fees were charged). The high water mark will be used in order to prevent a scenario whereby I could receive a performance based fee merely for recouping prior losses. Any contribution of funds or securities to the Account will increase the high water mark by a corresponding amount, and any distributions of funds or securities from the Account will lower the high water mark by a corresponding amount.

In addition to the annual fee based on the value of the client's assets under management, I am compensated for my asset management services through a performance based fee. Under this arrangement, the client will be charged a fee contingent upon the performance within the client's account(s). The performance based fee will be tied to the capital appreciation (i.e. capital gains) within the account as evaluated at the end of each calendar quarter. The performance based fee will be payable quarterly, in arrears.

There are two options available to clients in my performance fee based program:

Option 1:

Accounts will be subject to a base Asset Management fee of 0.25% with an annual Performance Fee of 5% percent of the quarterly performance of the Account. No Performance Fee will be charged in any

quarter that the Account's ending value for the period covered does not exceed that of the highest prior period for which a Performance Fee was previously paid. Once a Performance Fee has been paid to us for any period, we shall retain such Performance Fee notwithstanding subsequent losses in the Account.

Option 2:

Accounts will be subject to a base Asset Management fee of 0.0% with an annual Performance Fee of 10% percent of the quarterly performance of the Account. No Performance Fee will be charged in any quarter that the Account's ending value for the period covered does not exceed that of the highest prior period for which a Performance Fee was previously paid. Once a Performance Fee has been paid to us for any period, we shall retain such Performance Fee notwithstanding subsequent losses in the Account.

The actual fee charged to any account in my Performance Based Fee Program will be specified in Exhibit B of your client agreement.

In order for my firm to receive a performance based fee, I must achieve capital appreciation within the account.

The exact fee and fee arrangements may vary or be different than that described above based on the complexity of client's situation, number of accounts managed, total assets under management and other factors specific to the client. The exact fee arrangements for each client will be specified in that client's advisory services agreement with Sedona Asset Management.

Item 6 – Performance-Based Fees and Side-By-Side Management

As described above in *Item 5 – Fees and Compensation*, Sedona Asset Management charges certain clients a performance fee, which is based upon a share of capital gains or capital appreciation of the assets of such client. I also provides services and am compensated on asset based fees, which are based on the total amount of assets owned by the client.

There are conflicts of interest Sedona Asset Management faces by managing performance based accounts at the same time as managing asset based, non-performance based accounts. For example, the nature of a performance fee poses an opportunity for Sedona Asset Management to earn more compensation than under a stand-alone asset based fee. Consequently, Sedona Asset Management may favor performance fee accounts over those accounts where I receive only an asset based fee. One way Sedona Asset Management may favor performance fee accounts is that I may devote more time and attention to performance fee accounts than to accounts under an asset based fee arrangement.

There are other conflicts associated with performance fees that are not as common under an asset based fee arrangement. The nature of performance fees can encourage unnecessary speculation with client assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset based fee account. On the other hand, riskier investments historically have a higher chance of losing value. Also, since in a performance fee arrangement an adviser is compensated based on capital gains or capital appreciation, these arrangements could give an investment adviser an incentive to time transactions in a client's account on the basis of fee considerations rather than on what is in the best interest of the client.

Performance fees can potentially cause an investment adviser to engage in transactions or strategies which will increase the amount of the performance fees, but which may not increase the overall

performance of the client's account. For example, an account may lose value during a year and no performance fee will be earned. In the following year, Sedona Asset Management may receive a performance fee for simply recouping losses from the previous year. Sedona Asset Management controls for this potential conflict of interest by using the high-water mark fee calculation method described in the preceding paragraph. A performance fee may also encourage Sedona Asset Management to make riskier and more speculative investments. Sedona Asset Management does not represent that the amount of the performance fees or the manner of calculating the performance fees is consistent with other performance related fees charged by other investment advisers under the same or similar circumstances. The performance fees charged by Sedona Asset Management may be higher than the performance fees charged by other investment advisers for the same or similar services.

Sedona Asset Management has established policies and procedures to address the various conflicts of interest associated with charging a performance fee:

- Sedona Asset Management devotes equal time to the management of performance fee accounts and asset based fee accounts.
- Only clients that are able to assume additional risk are solicited to engage in a performance fee arrangement. Sedona Asset Management provides such clients full disclosure of the additional risks associated with a performance fee arrangement.

Performance based fee arrangements of Sedona Asset Management will comply with Section 205(e) of the Investment Advisers Act of 1940. According to Section 205(e) (see Rule 205-3 thereunder), only natural individual clients meeting the SEC's definition of "qualified clients" may enter into agreements providing for performance based compensation to Sedona Asset Management. A natural person or company must meet the following conditions to be considered a qualified client:

- Have at least \$1,000,000 under management with Sedona Asset Management at the time the client enters into an agreement with Sedona Asset Management; **or**
- Provide documentation to Sedona Asset Management so that Sedona Asset Management will reasonably believe the client has either a net worth of \$2,000,000 or is a qualified purchaser under Section 2(a)(51)(A) of the Investment Company Act.

Item 7 – Types of Clients

Sedona Asset Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Sedona Asset Management specifying the particular advisory services in order to establish a client arrangement with Sedona Asset Management.

Minimum Investment Amounts Required

There are no minimum investment amounts or conditions required for establishing an account managed by Sedona Asset Management. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Sedona Asset Management and/or the third-party money manager or the sponsor of third-party money manager platforms.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Sedona Asset Management uses the following methods of analysis in formulating investment advice:

Methods of Analysis - Sedona Asset Management Services, LLC utilizes a long term global macro-economic bias as it's primary method of portfolio selection. Long term trend following is used as a secondary tool to reinforce strategy. The risk of a standardized portfolio approximates that of the U.S. equity markets.

There are risks involved in using any analysis method.

To conduct analysis, Sedona Asset Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Investment Strategies

Sedona Asset Management uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Primarily Recommend One Type of Security

I do not primarily recommend one type of security to clients. Instead, I recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, my firm is unable to represent, guarantee, or even imply that my services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through my investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Management Risk – Your investment with my firm varies with the success and failure of my investment strategies, research, analysis and determination of portfolio securities. If my investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of my business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Sedona Asset Management is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

I am an independent registered investment registered adviser and only provide investment advisory services. I am not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while I do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Sedona Asset Management has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Sedona Asset Management's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Sedona Asset Management requires its supervised persons to consistently act in your best interest in all advisory activities. Sedona Asset Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Sedona Asset Management. If you wish to review the Code of Ethics in its entirety, you should send me a written request and upon receipt of your request, I will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Sedona Asset Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Sedona Asset Management that all persons associated in any manner with my firm must place clients' interests ahead of their own when implementing personal investments.

Sedona Asset Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with my firm unless the information is also available to the investing public upon reasonable inquiry.

I am now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, I have developed written supervisory procedures that include personal investment and trading policies for my representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Sedona Asset Management.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial planning recommendations of Sedona Asset Management. If the firm assists in the implementation of any recommendations, I am responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, I look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with my existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

I exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

Brokerage Recommendations

If you elect to utilize my management services I recommend that you establish a brokerage account at Fidelity. Fidelity provides Sedona Asset Management with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available to Sedona Asset Management other products and services that I benefit from but may not benefit your accounts. Some of these other products and services assist me in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of my accounts. Fidelity also makes available other services intended to help me manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing.

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to Sedona Asset Management by independent third-parties providing these services to me. As a fiduciary, I endeavor to act in your best interest. My requirement that you maintain your assets in accounts at Fidelity may be based in part on the benefit to me of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

Sedona Asset Management is independently owned and operated and not affiliated with Fidelity.

You are under no obligation to act on my recommendations.

Directed Brokerage

Clients are allowed to select the broker-dealer that will be used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that I may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Sedona Asset Management after effecting trades for other clients of Sedona Asset Management. In the event that a client directs Sedona Asset Management to use a particular broker or dealer, Sedona Asset Management may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best

Sedona Asset Management Services, LLC Page 14 Form ADV Part 2A Disclosure Brochure

execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Sedona Asset Management to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

Soft Dollar Benefits

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Sedona Asset Management does not have a soft dollar agreement with a broker-dealer or a third-party.

Handling Trade Errors

Sedona Asset Management has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Sedona Asset Management to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by Sedona Asset Management if the error is caused by Sedona Asset Management. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Sedona Asset Management may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Sedona Asset Management will never benefit or profit from trade errors.

Block Trading Policy

I may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by my firm when Sedona Asset Management believes such action may prove advantageous to clients. If and when I aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Sedona Asset Management uses the average price allocation method for transaction allocation.

Under this procedure Sedona Asset Management will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when I determine to aggregate client orders for the purchase or sale of securities, including securities in which Sedona Asset Management or our associated persons may invest, I will do so in

accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither I nor our associated persons receive any additional compensation as a result of block trades.

Agency Cross Transactions

My associated persons are prohibited from engaging in agency cross transactions, meaning I cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by George C. Steer, with reviews performed in accordance with your investment goals and objectives.

Statements and Reports

For my asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian.

You are encouraged to always compare any reports or statements provided by me, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact my firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

Sedona Asset Management does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Sedona Asset Management receives no other forms of compensation in connection with providing investment advice.

Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Sedona Asset Management is deemed to have custody of client funds and securities whenever Sedona Asset Management is given the authority to have fees deducted directly from client accounts. However,

this is the only form of custody Sedona Asset Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Sedona Asset Management is deemed to have custody, I have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Sedona Asset Management. When clients have questions about their account statements, they should contact Sedona Asset Management or the qualified custodian preparing the statement.

When fees are deducted from an account, Sedona Asset Management is responsible for calculating the fee and delivering instructions to the custodian. At the same time Sedona Asset Management instructs the custodian to deduct fees from your account; Sedona Asset Management will send you an invoice itemizing the fee. Itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Item 16 – Investment Discretion

When providing asset management services, Sedona Asset Management maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, I will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, I will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, I will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if I am not able to reach you or you are slow to respond to my request, it can have an adverse impact on the timing of trade implementations and I may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Sedona Asset Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

Proxy Voting

Sedona Asset Management does not vote proxies on behalf of Clients. I have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; I will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Sedona Asset Management does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, I am not required to include a balance sheet for the most recent fiscal year. I am not subject to a financial condition that is reasonably likely to impair my ability to meet contractual commitments to clients. Finally, Sedona Asset Management has not been the subject of a bankruptcy petition at any time.

Item 19 – Requirements for State-Registered Advisers

Executive Officer and Management Personnel

George C. Steer, Born 1958
CRD # 1340401

Educational Background:

Kent State University, 09/1976 to 06/1977 studied Business Administration
University of South Florida 09/1977 to 5/1980, BA in Business Marketing with a minor in Finance 1980

Business Experience:

Sedona Asset Management Services, LLC , Managing Director, 07/2004 to Present

Other Business Activities

See Item 10 – Other Financial Industry Activities and Affiliations.

Performance Based Fees

Please refer to *Item 5 – Fees and Compensation* of this brochure for a description of how performance-based fees are calculated. Please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management* for additional details and disclosures regarding the firm's performance based fee arrangements. Clients need to understand that performance-based compensation may create an incentive for Sedona Asset Management to recommend an investment that may carry a higher degree of risk to the client.

Arbitrations

In addition to the Broker Dealer that he was registered with at the time George C. Steer was the subject of an 2001 arbitration claim for an investment or an investment-related business or activity , and dishonest, unfair, or unethical practices. The allegations included unsuitability of transactions, misrepresentation, churning, fraud, breach of fiduciary duty and negligence during the time period of January 1997 through January 2001. Mr. Steer was not required to contribute to the resolution in this matter.

In addition to the Broker Dealer that he was registered with at the time George C. Steer was also the subject of an 2002 arbitration claim for an investment or an investment-related business or activity , and dishonest, unfair, or unethical practices. The allegations included : unauthorized trading, unsuitable transactions, fraud, negligence, breach of fiduciary duty, breach of contract, violation of state and federal securities statutes during the time period of September 1999 through May 2002. Mr. Steer contributed approximately 30% of the resolution in this matter.

Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Sedona Asset Management does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

Sedona Asset Management is committed to safeguarding the confidential information of its clients. Sedona Asset Management holds all personal information provided by clients in the strictest confidence and it is the objective of Sedona Asset Management to protect the privacy of all clients. Except as permitted or required by law, Sedona Asset Management does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, Sedona Asset Management will provide clients with written notice and clients will be provided an opportunity to direct Sedona Asset Management as to whether such disclosure is permissible.

To conduct regular business, Sedona Asset Management may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Sedona Asset Management
- Information about the client's transactions implemented by Sedona Asset Management or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Sedona Asset Management to provide access to customer information within the firm and to nonaffiliated companies with whom Sedona Asset Management has entered into agreements with. To provide the utmost service, Sedona Asset Management may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Sedona Asset Management's behalf.

- Information Sedona Asset Management receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with Sedona Asset Management or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Sedona Asset Management

Since Sedona Asset Management shares nonpublic information solely to service client accounts, Sedona Asset Management does not disclose any nonpublic personal information about Sedona Asset Management's customers or former customers to anyone, except as permitted by law. However, Sedona Asset Management may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that Sedona Asset Management has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, Sedona Asset Management will allow its clients the opportunity to opt out of such disclosure.

Information Required by Part 2B of Form ADV: *Brochure Supplement – George C. Steer*

The following are responses to each item found in the Form ADV Part 2B instructions.

Item 1 – Cover Page

George C. Steer
Sedona Asset Management Services, LLC
8432 E. Quarterhorse Trail
Scottsdale, AZ 85258
(480)614-5818

This brochure supplement provides information about George C. Steer that supplements this Disclosure Brochure. Please contact George C. Steer if you have any questions about the contents of this supplement.

Additional information about George C. Steer is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 – Educational Background and Business Experience

George C. Steer, Born 1958
CRD # 1340401

Education Background:

Kent State University, 09/1976 to 06/1977 studied Business Administration
University of South Florida 09/1977 to 5/1980, BA in Business Marketing with a minor in Finance
1980

Business Experience:

Sedona Asset Management Services, LLC , Managing Director, 07/2004 to Present

Item 3 – Disciplinary Information

As previously stated in Item 9 of this Disclosure Brochure, I have never been subject to a legal or disciplinary event.

Item 4 – Other Business Activities

Please see Item 10 and Item 19 of this Disclosure Brochure for details regarding my other business activities.

Item 5 – Additional Compensation

Other than the fees detailed in Item 5 of this Disclosure Brochure, I receive no other compensation related to advisory services provided to clients.

Item 6 – Supervision

I am the sole affiliate of my investment advisor firm and ultimately responsible for all activities and services provided by my firm.

Item 7 Requirements for State-Registered Advisors

In 2001, in addition to the Broker Dealer that he was registered with at the time George C. Steer was the subject of an 2001 arbitration claim for an investment or an investment-related business or activity , and dishonest, unfair, or unethical practices. The allegations included unsuitability of transactions, misrepresentation, churning, fraud, breach of fiduciary duty and negligence during the time period of January 1997 through January 2001. Mr. Steer was not required to contribute to the resolution in this matter.

In 2002, in addition to the Broker Dealer that he was registered with at the time George C. Steer was also the subject of an 2002 arbitration claim for an investment or an investment-related business or activity , and dishonest, unfair, or unethical practices. The allegations included : unauthorized trading, unsuitable transactions, fraud, negligence, breach of fiduciary duty, breach of contract, violation of state and federal securities statutes during the time period of September 1999 through May 2002. Mr. Steer was required to contribute approximately 30% of the resolution in this matter.

George C. Steer has never been the subject of any bankruptcy proceedings.